GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1464
ANSWERED ON:27.02.2003
LOAN TO STATE GOVERNMENT FOR RURAL ELECTRIFICATION
RAMPAL SINGH

Will the Minister of POWER be pleased to state:

(a) whether the Government propose to provide soft loan to State Governments for electrification of thousands of villages in the country during the Tenth Five Year Plan;

(b) if so, the details thereof;

(c) whether the Central Government have decided to give subsidy on the interest also; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : In order to facilitate the acceleration of the pace of electrification of villages, hamlets and dalit bastis and to supplements the resources of the States for this purpose, Rural Electrification Corporation (REC) recently introduced new scheme forproviding loan assistance to the State Governments on concessional interest rate varying from 1 to 3% per annum (1% for dalit bastis and 3% for hamlets and village electrification schemes). The unique feature of these new schemes is that if they are successfully and fully implemented within the stipulated time, then even this interest would be waived and refunded to the borrower in which event the schemes would become interest-free. Under this programme, REC has decided to earmark Rs.500 croreannually during the Tenth Plan period.

(c) & (d) : Government contemplates to provide 4% interest subsidy under proposed Accelerated Rural Electricity Programme (AREP) for loans to be taken by the StateGovernments for rural electrification for unelectrified villages including dalit bastis. If the progress of complete village electrification is satisfactory, the scheme may be extended to cover electrification of all hamlets and households. Rural Electrificationwould be through Conventional as well as Non-Conventional Energy Sources.The interest subsidy would be granted on the Net Present Value (NPV) basis after disbursement of loans.